

Directors' Review, 31 March 2022

The Directors of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the first quarter ended 31 March 2022.

Your Company's gross premium income was Rs. 9.64 billion during the first quarter of 2022 (2021: Rs 9.11 billion), an increase of 5.8%. New individual life regular premium income was Rs. 1.52 billion (2021: Rs.1.64 billion). Renewal premium was Rs. 6.70 billion (2021: Rs.6.26 billion). Inclusive of renewal premium, the total individual life regular premium was Rs. 8.21 billion (2021: 7.90 billion). Single premium business was Rs.152 million (2021: Rs. 197 million). Group Benefits business increased by 27.2% and was Rs.1.32 billion (2021: Rs. 1.04 billion).

Your Company's total family takaful contribution was Rs. 2.12 billion (2021: 1.69 billion), a growth of 25.8%. Out of this, Rs. 1.93 billion (2021: Rs. 1.57 billion) was from Individual family takaful business (a growth of 22.8%) while Rs. 194 million (2021: Rs. 118 million) was from Group Family Takaful (a growth of 64.7%). The Company expects the Takaful line of business to continue its contribution to the overall topline during 2022.

Your Company had a Profit after Tax of Rs. 455.74 million (2021: Rs. 407.95 million), a growth of 11.7%. The Earnings per Share is Rs. 4.56 (2021: Rs. 4.08).

Interim Dividend:

The Directors have pleasure in declaring an Interim Dividend of Rs. 1.5 per share. i.e. 15%.

We would like to thank our valued customers for their continued patronage and to the Securities and Exchange Commission of Pakistan for their guidance, and our main reinsurers, Munich Re and Hannover Re, for their support. It is a matter of deep gratification for your directors to place on record their appreciation for the efforts made by the officers, all distribution channels and staff who have contributed to the development, growth, and continued success of the Company.

**Managing Director &
Chief Executive Officer**

Director

Director

Chairman

EFU LIFE ASSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

		Aggregate	
		31 March	31 December
	Note	2022	2021
		----- (Rupees in '000) -----	
Assets			
Properties and equipments		2,432,410	2,494,333
Right of use assets		564,645	569,603
Intangible assets		14,419	18,376
Investments			
Equity securities	6	30,839,448	31,864,098
Government securities	7	97,016,870	87,322,252
Debt securities	8	6,186,695	5,884,825
Term deposits	9	-	24,376,429
Open-ended mutual funds	10	797,622	1,454,576
Insurance / reinsurance receivables		520,162	457,120
Other loans and receivables		3,339,355	2,706,179
Taxation - payments less provision		1,453,365	1,289,170
Prepayments		224,546	134,869
Cash and bank	11	23,046,339	4,608,125
Total Assets		166,435,876	163,179,955
Equity and Liabilities			
Authorised share capital			
[150,000,000 ordinary shares (2022: 150,000,000) of Rs.10 each]		1,500,000	1,500,000
Ordinary share capital			
[100,000,000 ordinary shares (2021:100,000,000) of Rs.10 each]		1,000,000	1,000,000
Retained earnings arising from business other than participating business			
attributable to shareholders (Ledger account D)	12	2,139,504	2,100,521
General reserves		1,980,000	2,100,000
Surplus on revaluation of available for sale investments - net of tax		45,126	33,404
Unappropriated profit		431,212	944,454
Total Equity		5,595,842	6,178,379
Liabilities			
Insurance liabilities	13	154,912,560	151,757,625
Deferred taxation		865,635	884,797
Premium received in advance		1,116,120	1,148,292
Insurance / reinsurance payables		366,735	76,238
Lease liabilities		652,533	649,581
Other creditors and accruals		2,926,451	2,485,043
		5,927,474	5,243,951
Total Liabilities		160,840,034	157,001,576
Total Equity and Liabilities		166,435,876	163,179,955
Contingency(ies) and commitment(s)	14		

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Managing Director &
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

EFU LIFE ASSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

		31 March	
	Note	2022	2021
		----- (Rupees in '000) -----	
Premium / contribution revenue		9,644,979	9,114,391
Premium / retakaful ceded to reinsurers		(429,031)	(387,219)
Net premium / contribution revenue	15	9,215,948	8,727,172
Investment income	16	3,796,578	2,780,044
Net realised fair value gains on financial assets	17	257,353	955,631
Net fair value (losses) on financial assets at fair value through profit or loss	18	(1,146,870)	(1,198,213)
Other income	19	17,833	24,545
		2,924,894	2,562,007
Net income		12,140,842	11,289,179
Insurance benefits		6,234,189	6,133,761
Recoveries from reinsurers		(190,073)	(256,094)
Claims related expenses		1,027	2,450
Net insurance benefits	20	6,045,143	5,880,117
Net change in insurance liabilities (other than outstanding claims)		2,984,537	2,468,312
Acquisition expenses	21	1,915,523	1,859,217
Marketing and administration expenses	22	549,520	505,050
Other expenses	23	5,332	6,089
Total expenses		5,454,912	4,838,668
Profit before tax (Refer note below)		640,787	570,394
Income tax expense	24	(185,046)	(162,440)
Profit after tax for the period		455,741	407,954
		----- (Rupees) -----	
Earnings per share - Rupees	25	4.56	4.08

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Note:

Profit before tax is inclusive of the amount of the profit before tax of the shareholders' fund, the surplus transfer from the revenue account of the statutory funds to the shareholders' fund based on the advice of the appointed actuary, and the undistributed surplus in the revenue account of the statutory funds which also includes the solvency margins maintained in accordance with the Insurance Rules, 2017. For details of the surplus transfer from the revenue account of the statutory funds to the shareholders' fund aggregating to Rs. 656 million (2021: Rs.562 million), please refer to note 26, relating to segmental information - revenue account by statutory fund.

**Managing Director &
Chief Executive Officer**

Chief Financial Officer

Director

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EFU LIFE ASSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

	31 March	
	2022	2021
	----- (Rupees in '000) -----	
Profit after tax for the period- as per statement of profit and loss account	455,741	407,954
Other comprehensive income:		
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>		
Change in unrealised losses on available-for-sale financial assets	13,512	(7,213)
Reclassification adjustment relating to available-for-sale investments sold during the period	-	-
	13,512	(7,213)
Related deferred tax	(1,790)	2,092
Other comprehensive loss for the period - net of tax	11,722	(5,121)
Total comprehensive income for the period	467,463	402,833

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

**Managing Director &
Chief Executive Officer**

**Chief Financial
Officer**

Director

Director

Chairman

EFU LIFE ASSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

	Attributable to the equity holders' of the Company					
	Share capital	General reserve	Retained earnings arising from business other than participating business attributable to shareholders (ledger account D) - net of tax *	Surplus / deficit on revaluation of available for sale investments - net of tax	Unappropriated profit	Total
	(Rupees in '000)					
Balance as at 1 January 2021	1,000,000	2,000,000	1,973,338	38,311	1,163,440	6,175,089
Comprehensive income for the period ended 31 March 2021						
Income for the period ended 31 March 2021	-	-	(1,823)	-	409,777	407,954
Capital contribution transferred to policyholder liability	-	-	(16,462)	-	-	(16,462)
Other comprehensive loss	-	-	-	(5,121)	-	(5,121)
Total income / (loss) for the period ended 31 March 2021	-	-	(18,285)	(5,121)	409,777	386,371
Contribution to increase solvency margin	-	-	57,583	-	(57,583)	-
Transactions with shareholders						
Dividend for the year ended 31 December 2020	-	-	-	-	(1,050,000)	(1,050,000)
	-	-	-	-	(1,050,000)	(1,050,000)
Balance as at 31 March 2021	1,000,000	2,000,000	2,012,636	33,190	465,634	5,511,460
Balance as at 1 January 2022	1,000,000	2,100,000	2,100,521	33,404	944,454	6,178,379
Comprehensive income for the period ended 31 March 2022						
Income for the period ended 31 March 2022	-	-	(22,825)	-	478,566	455,741
Other comprehensive income	-	-	-	11,722	-	11,722
Total income for the period ended 31 March 2022	-	-	(22,825)	11,722	478,566	467,463
Contribution to increase solvency margin	-	-	61,808	-	(61,808)	-
Transfer to general reserve	-	(120,000)	-	-	120,000	-
Transactions with shareholders						
Dividend for the year ended 31 December 2021	-	-	-	-	(1,050,000)	(1,050,000)
	-	-	-	-	(1,050,000)	(1,050,000)
Balance as at 31 March 2022	1,000,000	1,980,000	2,139,504	45,126	431,212	5,595,842

*This include balances maintained in accordance with the requirements of section 35 of the Insurance Ordinance, 2000 read with rule 14 of the Insurance Rules, 2017 to meet solvency margins, which are mandatorily maintained for the carrying on of the life insurance business.

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

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Chief Executive Officer

Chief Financial Officer

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EFU LIFE ASSURANCE LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

	31 March	
Note	2022	2021
	(Rupees in '000)	
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	9,642,408	9,084,455
Reinsurance premium / retakaful contribution paid	-	-
Claims paid	(6,104,886)	(6,149,940)
Reinsurance and other recoveries received	-	-
Commission paid	(1,471,137)	(1,510,022)
Marketing and administrative expenses paid	(549,520)	(505,050)
Other acquisition cost paid	(1,167,786)	(809,183)
Net cash flow from underwriting activities	349,079	110,260
b) Other operating activities		
Income tax paid	(370,196)	(102,565)
Other operating payments	(229,123)	(336,227)
Loans advanced	(43,331)	(61,175)
Loans repayments received	53,289	29,900
Net cash flow from other operating activities	(589,361)	(470,067)
Total cash flow from all operating activities	(240,282)	(359,807)
Investment activities		
Profit / return received	2,537,193	3,048,733
Dividends received	900,546	448,872
Payments for investments	(11,598,300)	(61,557,149)
Proceed from disposal of investments	2,518,783	60,265,652
Fixed capital expenditure	(27,773)	(54,588)
Proceeds from sale of property and equipment	13,689	37,151
Total cash flow from investing activities	(5,655,862)	2,188,671
Financing activities		
Dividends paid	-	-
Payment against lease liability	(42,071)	(29,331)
Total cash flow from financing activities	(42,071)	(29,331)
Net cash flow from all activities	(5,938,215)	1,799,533
Cash and cash equivalents at beginning of the period	28,984,554	24,397,091
Cash and cash equivalents at end of the period	23,046,339	26,196,624
Reconciliation to statement of profit and loss account		
Operating cash flows	(240,282)	(359,807)
Depreciation expense	(81,168)	(75,468)
Depreciation on right of use assets	(37,420)	(33,835)
Amortization expense	(3,957)	(6,398)
Profit on disposal of property and equipment	5,161	15,180
Other revenue	7,277	5,083
Profit on lease termination	919	-
Finance cost on lease liabilities	(13,480)	(12,726)
Profit on disposal of investments	257,353	955,631
Dividend income	894,667	445,245
Other investment income	3,014,710	2,280,402
(Depreciation) in market value of investments	(1,023,291)	(946,345)
(Provision) of impairment in the value of available for sale equity investments	(12,208)	(37,151)
Increase in assets other than cash	1,185,112	364,710
Increase in liabilities	(3,497,652)	(2,186,567)
Profit after tax for the period	455,741	407,954

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Managing Director &
Chief Executive Officer

Chief Financial Officer

Director

Director

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EFU LIFE ASSURANCE LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** EFU Life Assurance Limited (the Company) was incorporated in Pakistan on 09 August 1992 as a public limited company under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017) and started its operation from 18 November 1992. The shares of the Company are quoted on Pakistan Stock Exchange. The registered office of the Company is located at Al-Malik Centre, 70W, F-7/ G-7 Jinnah Avenue, Islamabad while principal place of business is located at EFU Life House, Plot No.112, 8th East street, Phase 1, DHA, Karachi.
- 1.2** The Company is a subsidiary of EFU General Insurance Limited on the basis of its ability to control the composition of the Board of Directors of EFU Life Assurance Limited effective 31 March 2018.
- 1.3** The Company is engaged in life insurance business including ordinary life business, pension fund business and accident and health business and has established following statutory funds, as required by the Insurance Ordinance, 2000:
- Investment Linked Business (includes individual life business)
 - Conventional Business (includes group life and individual life businesses)
 - Pension Business (unit linked)*
 - Accident and Health Business
 - Family Takaful Investment Linked Business (Refer note 1.4)
 - Family Takaful Protection Business (Refer note 1.4)

* The Company had discontinued pension business and accordingly no new business has been written under this fund.

- 1.4** The Company was granted authorisation on 19 January 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operation in respect of family takaful products by Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on 6 February 2015 under the brand name "Hemayah". For the purpose of carrying on takaful business, the Company has formed a Waqf namely EFU Life - Window Family Takaful Limited Waqf (here-in-after referred to as the Participant Takaful Fund (PTF)) on 6 February 2015 under a Waqf deed executed by the Company with a cede amount of Rs. 2 million. The cede money is required to be invested in shariah compliant investments and any profit thereon can be utilized only to pay benefits to participants or defray PTF expenses. Waqf deed also governs the relationship of the Company and policyholders for the management of Takaful operations, investment of policyholders' funds and shareholders' funds as approved by the shariah advisor appointed by the Company.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Insurance Rules, 2017 vide its S.R.O. 89(1) / 2017 dated 09 February 2017.
- 2.2** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
- International Financial Reporting Standard (IFRS), issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012; and

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules 2012 shall prevail. The condensed interim financial information does not include all the information required in the annual financial statements. Accordingly the condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2021.

2.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for certain investments which are stated at their fair values.

2.4 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest thousand.

2.5 Standards, Interpretations and Amendments effective in 2022

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

2.6 Application of IFRS 9 and IFRS 17

IFRS 9 'Financial Instruments' is effective for reporting year ended 31 December 2019. It replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS - 39.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application of IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

- a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- b) all other financial assets.

Financial assets

	31 March 2022 (Unaudited)			
	Fail the SPPI test		Pass the SPPI test	
	Fair value	Change in unrealized gain or loss during the year	Fair value	Change in unrealized gain or loss during the year
	(Rupees in '000)			
Cash and bank *	-	-	23,046,339	-
Investments in equity securities	30,839,448	(1,023,499)	-	-
Investments in government and debt securities	-	-	103,203,564	(116,990)
Term deposits	-	-	-	-
Mutual funds	797,622	-	-	-
	<u>31,637,070</u>	<u>(1,023,499)</u>	<u>126,249,903</u>	<u>(116,990)</u>

	31 March 2022 (Unaudited)											
	Gross carrying amounts of debt instruments that pass the SPPI test											
	AA+	A+	A	AA	AA-	AAA	A-1	A-	BBB+	A-1+	A-2	Unrated
	(Rupees in '000)											
Cash and bank *	-	-	-	-	-	-	4,450,861	-	-	18,564,873	15,406	15,199
Investments in equity securities	-	-	-	-	-	-	-	-	-	-	-	-
Investments in debt securities	676,778	272,333	-	2,738,226	480,562	2,018,796	-	-	-	-	-	97,016,870
Term deposits / certificate of investment	-	-	-	-	-	-	-	-	-	-	-	-
Total gross carrying amounts of financial assets that pass the SPPI test	676,778	272,333	-	2,738,226	480,562	2,018,796	4,450,861	-	-	18,564,873	15,406	97,032,069

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

2.7 Standards, Interpretations and amendments not effective at year end

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2022,:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. These amendments are not likely to have an impact on the financial statements of the Company.
- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:
 - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.
 - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
 - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

These amendments are not likely to have an impact on the financial statements of the Company.

- Property, plant and equipment: proceeds before intended use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognised in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. These amendments are not likely to have an impact on the financial statements of the Company.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. These amendments are not likely to have an impact on the financial statements of the Company.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. These amendments are not likely to have an impact on the financial statements of the Company.
- Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

These amendments are not likely to have an impact on the financial statements of the Company.

- Definition of accounting estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. These amendments are not likely to have an impact on the financial statements of the Company.

- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. These amendments are not likely to have an impact on the financial statements of the Company.
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. These amendments are not likely to have an impact on the financial statements of the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

The outbreak of coronavirus in late 2019 has been officially announced as a global pandemic on 11 March 2020 by the World Health Organization. However, Pakistan witnessed its first case amidst February 2020, which subsequently increased exponentially throughout the country countered by several measures by both the Federal and Provincial governments including the imposition of lockdowns and restricting economic activities.

Although insurance industry has its impact on multiple fronts as a claim payer, as an employer and as investment manager, but for the Company the operational disruption, as indicated by outstanding claim inventories and development triangles, has been minimal. However, the significant uncertainty requires changes to methodologies and assumptions have been made to provide additional margins in the policyholder liabilities.

Change in assumptions

Conventional business / Family takaful protection business

Expected Loss Ratio (ELR) assumptions being used for IBNR claim reserve pertaining to conventional group life and family takaful protection business have been revised to provide for possible increase in incidence and delay in reporting of claims. Further, for family takaful protection business, the methodology for second last quarter have been moved from ELR to Chain ladder (CL). In addition, a premium / contribution deficiency reserve is no longer deemed necessary.

5 Properties, Equipments and Intangible Assets

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Operating assets	2,432,410	2,494,333
Right of use asset	564,645	569,603
	<u>2,997,055</u>	<u>3,063,936</u>

5.1 Details of additions and disposals during the Three months period ended 31 March 2022 are as follows:

	Three months ended - Unaudited			
	31 March 2022.		31 March 2021.	
	Additions	Disposals	Additions	Disposals
	Rupees in '000			
Furniture, fixture and fittings	3,753	-	4,192	-
Office equipment	537	-	3,669	-
Computer equipment	16,731	-	9,530	-
Motor Vehicle	-	16,501	20,586	41,556
Lease hold Improvements	6,752	-	16,069	-
Total	<u>27,773</u>	<u>16,501</u>	<u>54,046</u>	<u>41,556</u>

5.2 The market value of land and building is estimated at Rs. 4,183 million. The valuations have been carried out by independent valuer.

5.3 During the period additions in intangible assets was Nil (31 March 2020:Rs.0.542 million).

6 INVESTMENTS IN EQUITY SECURITIES

	<i>Note</i>	31 March 2022 (Unaudited)	31 December 2021 (Audited)
		----- (Rupees in '000) -----	
Available for sale	6.1	209,600	199,711
At fair value through profit or loss (Designated - upon initial recognition)	6.2	30,629,848	31,664,387
		30,839,448	31,864,098

		31 March 2022 (Unaudited)			31 December 2021 (Audited)			
		Cost	Impairment / (provision)	Carrying value	Cost	Impairment / (provision)	Carrying value	
6.1	Available for sale	<i>Note</i>	<div>----- (Rupees in '000) -----</div>					
Related parties								
	Listed shares		204,222	(172,552)	31,670	204,222	(166,433)	37,789
Others								
	Listed shares		146,350	(29,455)	116,895	146,351	(28,110)	118,241
	Unlisted shares		16,008	-	508	16,008	-	508
	Surplus on revaluation		-	-	60,527	-	-	43,173
			366,580	(202,007)	209,600	366,581	(194,543)	199,711

6.2 Fair value through profit or loss (Designated - upon initial recognition)

Related parties							
Listed shares		480,640	-	563,855	480,640	-	596,852
Unlisted shares		-	-	-	-	-	-
Others							
Listed shares		31,542,633	-	30,065,993	31,623,510	-	31,067,535
		32,023,273	-	30,629,848	32,104,150	-	31,664,387

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
	----- (Rupees in '000) -----	
6.3 Reconciliation of provision for impairment		
Balance at the beginning of the period	194,543	219,904
Reversal for impairment on available for sale investments	7,464	(25,361)
Balance at the end of the period	202,007	194,543

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Note		
	----- (Rupees in '000) -----	

7 GOVERNMENT SECURITIES

Held to maturity	7.1	7,911,891	7,903,248
Fair value through profit or loss (Designated - upon initial recognition)	7.2	89,104,979	79,419,004
		<u>97,016,870</u>	<u>87,322,252</u>

31 March 2022 (Unaudited)					
	Maturity year	Effective yield %	Amortised cost	Principal repayment	Carrying value
			----- (Rupees in '000) -----		
02 years Pakistan investment bond	2023	9.25	248,732	250,000	248,732
02 years Pakistan investment bond	2022	9.25	49,938	50,000	49,938
03 years Pakistan investment bond	2023	7.64	2,561,207	2,575,000	2,561,207
03 years Pakistan investment bond	2022	11.42	3,808,955	3,850,000	3,808,955
10 years Pakistan investment bond	2028	11.62	12,410	15,000	12,410
20 years Pakistan investment bond	2024	12.36	53,945	53,700	53,945
06 months treasury bills	2022	12.13	241,970	250,000	241,970
03 years government ijara	2025	6.27	290,217	289,628	290,217
10 Years Pakistan Energy Sukuk I	2029	8.05	192,507	197,160	192,507
10 Years Pakistan Energy Sukuk II	2030	7.25	452,010	452,700	452,010
			<u>7,911,891</u>	<u>7,983,188</u>	<u>7,911,891</u>

31 December 2021 (Audited)					
	Maturity year	Effective yield %	Amortised cost	Principal repayment	Carrying value
			----- (Rupees in '000) -----		
Held to maturity					
2 years Pakistan investment bond	2023	9.25	298,908	300,000	298,908
03 years Pakistan investment bond	2022	11.42	3,795,519	3,835,000	3,795,519
03 years Pakistan investment bond	2023	7.64	2,559,207	2,575,000	2,559,207
10 years Pakistan investment bond	2028	11.62	12,348	15,000	12,348
20 years Pakistan investment bond	2024	12.36	53,980	53,700	53,980
06 months treasury bills	2022	11	248,040	250,000	248,040
03 years government ijara	2025	6.27	290,101	289,628	290,101
10 Years Pakistan Energy Sukuk I	2029	8.05	193,004	197,160	193,004
10 Years Pakistan Energy Sukuk II	2030	7.25	452,141	452,700	452,141
			<u>7,903,248</u>	<u>7,968,188</u>	<u>7,903,248</u>

**7.2 Fair value through profit or loss
(Designated - upon initial recognition)**

03 years Pakistan investment bond
10 years Pakistan investment bond
03 years Pakistan investment bond
02 years Pakistan investment bond
02 years Pakistan investment bond
05 years Pakistan investment bond
03 years Pakistan investment bond
03 years Pakistan investment bond
10 years Pakistan investment bond
20 years Pakistan investment bond
05 years Pakistan investment bond
05 years Pakistan investment bond
10 years Pakistan investment bond
06 months treasury bills
03 months treasury bills
03 years government ijara sukuk
10 years Pakistan energy sukuk I
10 years Pakistan energy sukuk II

31 March 2022 (Unaudited)				
Maturity year	Effective yield	Amortized cost	Principal repayment	Carrying value
	%		(Rupees in '000)	
2022	11.42	27,558,538	27,656,500	27,249,733
2022	11.62	2,101,592	2,100,000	2,098,319
2023	7.64	38,665,363	38,862,000	38,544,610
2023	11.08	248,039	250,000	247,975
2023	9.25	4,726,244	4,750,000	4,718,175
2023	11.46	1,179,407	1,206,000	1,144,861
2024	8.64	1,359,825	1,375,000	1,350,525
2024	7.64	3,118,912	3,400,000	3,051,995
2024	11.62	101,045	100,000	99,713
2024	12.36	389,968	392,000	376,649
2025	11.46	113,115	125,000	109,059
2026	8.80	492,294	500,000	490,200
2029	11.62	116,998	125,000	113,615
2022	7.46	825,240	850,000	822,916
2022	11.75	1,469,624	1,500,000	1,468,710
2025	5.95	6,393,685	6,395,241	6,337,924
2029	8.05	940,313	963,159	830,000
2030	7.25	50,223	50,300	50,000
		89,850,425	90,600,200	89,104,979

**Fair value through profit or loss
(Designated - upon initial recognition)**

02 years Pakistan investment bond
03 years Pakistan investment bond
03 years Pakistan investment bond
03 years Pakistan investment bond
03 years Pakistan investment bond
05 years Pakistan investment bond
05 years Pakistan investment bond
10 years Pakistan investment bond
10 years Pakistan investment bond
10 years Pakistan investment bond
20 years Pakistan investment bond
06 months treasury bills
03 years government ijara sukuk
10 years Pakistan energy sukuk I
10 years Pakistan energy sukuk II

31 December 2021 (Audited)				
Maturity year	Effective yield	Amortized cost	Principal repayment	Carrying value
	%		(Rupees in '000)	
2023	11.08	247,788	250,000	247,800
2023	9.25	4,722,580	4,750,000	4,718,175
2022	11.42	25,048,546	25,156,500	24,757,107
2023	8.64	1,358,559	1,375,000	1,354,650
2023	7.64	38,637,263	38,862,000	38,525,578
2023	11.46	1,174,950	1,206,000	1,150,283
2026	8.8	491,890	500,000	490,200
2022	11.62	2,105,442	2,100,000	2,107,261
2024	11.62	101,172	100,000	101,307
2029	11.62	116,797	125,000	115,302
2024	12.36	389,782	392,000	381,082
2022	7.46	236,834	250,000	236,804
2025	5.95	4,391,465	4,389,744	4,353,455
2029	8.05	942,752	963,159	830,000
2030	7.25	50,238	50,300	50,000
		80,016,058	80,469,703	79,419,004

8 INVESTMENT IN DEBT SECURITIES

	Note	31 March 2022 (Unaudited)			31 December 2021 (Audited)		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
		(Rupees in '000)					
Term finance certificates	8.1	3,441,848	-	3,441,848	2,992,793	-	2,992,793
Corporate sukuks	8.2 & 8.5	2,382,347	(37,500)	2,344,847	2,519,532	(37,500)	2,482,032
Commercial papers	8.3	-	-	-	-	-	-
Certificates of investment	8.4	400,000	-	400,000	410,000	-	410,000
		6,224,195	(37,500)	6,186,695	5,922,325	-	5,884,825
		No. of Certificates		Face value	Carrying Amount		
		31 March 2022	31 December 2021		31 March 2022	31 December 2021	
		Maturity					
					(Rupees in '000)		
8.1 Term finance certificates							
Fair value through profit or loss							
Others							
Bank Alfalah	2024	100,000	100,000	1,000	200,000	464,462	
TPL Trakker	2026	25	25	100	250,000	23,729	
Bank Al Habib Limited	2028	20,000	20,000	5	104,275	103,601	
Bank of Punjab	Perpetual	2,500	-	5	200,000	-	
Bank Al Habib	Perpetual	40,000	40,000	5	1,250,000	200,000	
United Bank Limited	Perpetual	250,000	250,000	5	50,000	1,250,000	
Soneri Bank Limited	Perpetual	10,000	10,000	100	200,000	50,000	
Habib Bank Limited	Perpetual	2,000	2,000	5	100,000	200,000	
Bank Alfalah	Perpetual	20,000	20,000	1,000	101,500	100,000	
Askari Bank Limited	Perpetual	100	100	500	463,740	101,000	
Bank Al Habib Limited	Perpetual	200	-	1,000	450,000	-	
Askari Bank Limited	Perpetual	450	450	893	22,333	450,000	
					3,391,848	2,942,792	
Held to maturity							
Askari Bank Limited	Perpetual	50	50	1,000	50,000	50,000	
					3,441,848	2,992,792	

		No. of Certificates		Face value	Carrying Amount	
		31 March 2022	31 December 2021		31 March 2022	31 December 2021
8.2 Corporate sukuks		Maturity			(Rupees in '000)	
Fair value through profit or loss						
Others						
Byco Petroleum Pakistan Limited	2023	1,000	1,000	100	33,335	8,404
Hascol Petroleum Limited *	2022	30,000	30,000	3	37,500	37,500
HUBCO	2023	3,500	3,500	100	276,779	362,651
Pakistan Services Limited	2024	250	250	1,000	230,562	230,562
Engro Polymer and Chemicals Limited	2026	2,050	2,050	100	219,968	220,591
Neelum Jhelum Hydropower Company Limited	2026	12,500	12,500	100	735,461	721,806
Meezan Bank Limited	Perpetual	500	500	1,000	500,000	500,000
Dubai Islamic Bank Pakistan Limited	Perpetual	20,000	20,000	5	100,000	100,000
Related Parties						
K-Electric Limited	2022	352,233	352,233	5	88,427	177,703
BankIslami Pakistan Limited	Perpetual	28,063	28,063	5	140,315	140,315
					2,362,347	2,499,532
Held to maturity						
Engro Polymer and Chemicals Limited	2026	200	200	100	20,000	20,000
					20,000	20,000
					2,382,347	2,519,532
8.3 Commercial paper						
TPL Corporation Limited	2021	-	-	25,000	-	-
8.4 Certificates of investment						
Pak Kuwait Investment Company	2022	1	1	400,000	400,000	150,000
First Habib Modarba Private Limited	2022	0	1	210,000	-	210,000
Pak Oman Company Limited	2022	0	1	50,000	-	50,000
					400,000	410,000
8.5 *Reconciliation of provision						
Balance at the beginning of the year					-	-
Provision for impairment in the value of investment					37,500	37,500
Balance at the end of the year					37,500	37,500

		31 March 2022 (Unaudited)	31 December 2021 (Audited)
		----- (Rupees in '000) -----	

9 INVESTMENTS IN TERM DEPOSITS

Deposits maturing within 3 months	-	24,376,429
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	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)
		----- (Rupees in '000) -----	

10 INVESTMENT IN OPEN ENDED MUTUAL FUNDS

At fair value through profit or loss (Designated - upon initial recognition)	10.1	671,152	1,326,134
Available for sale	10.2	126,470	128,442
		<u>797,622</u>	<u>1,454,576</u>

31 March 2022			31 December 2021		
Cost	Impairment / provision	Carrying Value	Cost	Impairment / provision	Carrying Value
----- (Rupees in '000) -----					

10.1 At fair value through profit or loss (Designated - upon initial recognition)

Related parties

Mutual funds	297	-	264	1,247	-	1,136
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Others

Mutual funds	575,675	-	670,888	1,174,048	-	1,324,998
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<u>575,972</u>	<u>-</u>	<u>671,152</u>	<u>1,175,295</u>	<u>-</u>	<u>1,326,134</u>
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10.2 Available for sale

Related parties

Mutual funds	523	-	523	523	-	523
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Others

Mutual funds	133,689	(23,288)	110,401	127,075	(18,544)	108,531
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Surplus on revaluation	-	-	15,546	-	-	19,388
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<u>134,212</u>	<u>(23,288)</u>	<u>126,470</u>	<u>127,598</u>	<u>(18,544)</u>	<u>128,442</u>
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	31 March 2022 (Unaudited)	31 December 2021 (Audited)
	----- (Rupees in '000) -----	

Reconciliation of provision for impairment

Balance at the beginning of the period	18,544	10,754
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Provision / (Reversal) for impairment on available for sale investments	4,744	7,790
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Balance at the end of the period	<u>23,288</u>	<u>18,544</u>
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		31 March 2022 (Unaudited)	31 December 2021 (Audited)
	Note	----- (Rupees in '000) -----	
11 CASH AND BANK			
Cash and cash equivalent			
Cash in hand		1,854	173
Policy & revenue stamps		13,345	2,707
Cash at bank			
Current account		1,844,226	1,161,538
Savings account		21,186,914	3,443,707
		<u>23,046,339</u>	<u>4,608,125</u>
		31 March 2022 (Unaudited)	31 March 2021 (Audited)
		----- (Rupees in '000) -----	
11.2 Cash and cash equivalents for cash flow purpose comprise of the following:			
Cash and others		15,199	8,485
Cash at bank		23,031,140	6,408,710
Term deposits maturing within three months		-	19,779,429
		<u>23,046,339</u>	<u>26,196,624</u>
		31 March 2022 (Unaudited)	31 December 2021 (Audited)
		----- (Rupees in '000) -----	
12 RETAINED EARNINGS ARISING FROM BUSINESS OTHER THAN PARTICIPATING BUSINESS ATTRIBUTABLE TO SHAREHOLDERS (LEDGER ACCOUNT D)			
Opening balance		2,845,112	2,647,743
Conotribution to / (Withdrawl from) solvency margin		61,808	(47,241)
Change in solvency margin through statement of profit and loss account		(45,255)	244,610
		<u>2,861,665</u>	<u>2,845,112</u>
Related deferred tax liability on:			
Opening balance		(744,591)	(674,407)
Charge to statement of profit and loss account		22,430	(70,184)
Closing balance		(722,161)	(744,591)
Net of tax		<u>2,139,504</u>	<u>2,100,521</u>
13 INSURANCE LIABLITIES			
Reported outstanding claims	13.1	3,568,533	3,378,978
Incurred but not reported claims	13.2	807,393	880,319
Investment component of unit-linked and account value policies	13.3	148,508,730	145,791,909
Liabilities under individual conventional insurance contracts	13.4	1,021,792	989,072
Liabilities under group insurance contracts (other than investment linked)	13.5	637,448	415,452
Participant takaful fund balance	13.6	368,664	301,895
		<u>154,912,560</u>	<u>151,757,625</u>

13.1	Reported outstanding claims		
	Gross of reinsurance		
	Payable within one year	3,043,857	2,873,458
	Payable over a period of time exceeding one year	927,667	887,283
		3,971,524	3,760,741
	Recoverable from reinsurers		
	Receivable over a period of time exceeding one year	(402,991)	(381,763)
	Net reported outstanding claims	3,568,533	3,378,978
13.2	Incurred but not reported claims		
	Gross of reinsurance	988,632	1,054,712
	Reinsurance recoveries	(181,239)	(174,393)
	Net of reinsurance	807,393	880,319
13.3	Investment component of unit linked and account value policies		
	Investment component of unit linked policies	148,508,730	145,791,909
	Investment component of account value policies	-	-
		148,508,730	145,791,909
13.4	Liabilities under individual conventional insurance contracts		
	Gross of reinsurance	1,251,562	1,197,514
	Reinsurance credit	(229,770)	(208,442)
	Net of reinsurance	1,021,792	989,072
13.5	Liabilities under group insurance contracts (other than investment linked)		
	Gross of reinsurance	925,810	532,869
	Reinsurance credit	(288,362)	(117,417)
	Net of reinsurance	637,448	415,452
13.6	Participant takaful fund balance	368,664	301,895

14 CONTINGENCIES AND COMMITMENTS

- 14.1** The Income tax assessment of the Company for tax year 2021 has been finalized. In 2013, Income Tax Department imposed an additional tax demand under section 151(1)(d) on account of non-deduction of withholding tax on surrender and maturity amounting to Rs.13.833 million and Rs.15.014 million for Tax Years 2012 and 2013 respectively. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and the same was dismissed. The Company filed second appeal before the Appellate Tribunal against the order of CIT. The Learned Appellate Tribunal Inland revenue had decided the case in Company's favour. Subsequent to it, the department has filed review application against the order in Honourable Court of Sindh. The decision is still pending. The Company expects a favourable decision.

In 2015 and 2016, The Searle Company Limited (Searle) issued bonus shares (76,031 shares and 342,480 shares respectively) after withholding 5 percent of bonus shares (3,802 shares and 17,124 shares respectively) and the IBL Healthcare Limited issued bonus shares (46,625 shares and 80,311 shares respectively) after withholding 5 percent of bonus shares (2,331 shares and 4,016 shares respectively). In this regard, a constitutional petition had been filed by Searle in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Company. The honorable high court decided the case against Searle. Subsequently, Searle filed an appeal with a larger bench of the Sindh High Court and in response the Sindh High Court has suspended the earlier judgment until the next date of hearing, which has not yet been decided. The Company is of the view that the case will be decided in its favour and as such no provision has been made for the aforementioned tax. The amount involved is Rs. 3.279 million.

- 14.2** During 2019, the Company, along with other life insurance industry players, based on the advice of its tax consultants filed petitions in the Honorable High Courts of Lahore and Sindh, challenging the levy of Punjab Sales Tax (PST) and Sindh Sales Tax (SST) on life insurance in Punjab and Sindh. The petitions were filed on the strength of legal advice that:

- Substantiating the Company's view that insurance is not a service, but in fact, in sum and substance, a contingent contract under which payment is made on the occurrence of an event, specified in the terms of contract or policy;
- A question of constitutionality arose on the levy of provincial sales tax on life insurance, which in their view, was a Federal subject, since the Federation has retained a legislative mandate over all laws relating to insurance under Entry 29 of the said List, therefore, only the Federation is entitled to levy any tax in relation to insurance business; and
- Without prejudice to the main contentions as stated above, even otherwise, the legal advisors had expressed a further illegality that there is a critical flaw in the context of the manner in which the entire premium payment has been charged to the levy of provincial sales tax. Even the component of the premium which is to form part of a policyholder's investment account is subjected to the levy.

SRB through notification no. SRB-3-4/17/2021 dated 30th June 2021 has revoked its previous exemption of life insurance, granted through SRB-3-4/5/2019 dated 8th May 2019, which is now taxable at a rate of 3%. However, exemption for health insurance has been extended till 30 June 2022.

With effect from 1 November 2018, the Punjab Revenue Authority (PRA) withdrew its exemption on life and health insurance and made the same subject to Punjab Sales Tax (PST). The Company collectively through the forum of Insurance Association of Pakistan ("IAP") had filed a constitutive petition in the Lahore High Court (LHC) and in the High Court of Sindh at Karachi on 28 September 2019 and 28 November 2019 against PRA and SRB respectively.

According to the grounds of the petition and legal opinion obtained by the Company the Insurance premium does not fall under the definition of service rather an insurance policy is a financial arrangement, which is in the nature of a contingent contract, and not a service upon which sales tax can be levied (and that an insurance company is not rendering a service). The legal opinion covered question of constitutionality arose on the levy of provincial sales tax on life insurance, which in their view, is a Federal subject. The opinion also mentions that vast majority of premium received from a policyholder, during the life of the policy, is in fact channeled it to the policyholder's investment account

and as such this is critically important in exposing the legal fallacies embodied in the Rules.

The Honorable Lahore and Sindh High Courts have directed that no coercive measure will be taken until the next date of hearing.

Further subsequent to filing petition, all the provincial tax authorities i.e. SRB, PRA and BRA called a meeting of the industry representatives on 11 January 2020 in Karachi to discuss the matters relating to sales tax on premium. The matter was discussed in details and it was agreed to form a joint committee of the industry representatives as well as from all the provincial tax authorities. Further the committee formed met on 5 February 2020 in Lahore at PRA office to work out the way forward. Thereafter, due to the COVID 19 situation and consequential lockdown, further meetings of the Joint committee are not being held.

SRB through notification no. SRB-3-4/13/2020 dated 22 June 2020 exempted the life insurance services conditionally from 1 July 2019 to 30 June 2020 subject to e-depositing SST due, on such services for the tax periods from 1 July 2020 onward.

Further in Sindh, on June 29, 2020 SRB through another notification No SRB-3-4/18/2020 has amended the responsibility of withholding agent rules requiring a Company also to withheld SST on Services of Life Insurance.

The Company with other life insurance companies has filed another petition in this regard in the Hon'ble Sindh High Court. The Hon'ble SHC has directed that no coercive measure will be taken until the next date of hearing.

In continuation to the petition filed in Sindh High Court, a hearing was scheduled to be conducted during 2021, however no hearing was held during the period amid rising cases due to the pandemic and annual vacations of the judges.

Furthermore, Khyber Pakhtunkhwa Revenue Authority (KPRA) through Khyber Pakhtunkhwa Finance Act 2021 has imposed sales tax on life insurance at the rate of 15%, from 1st July 2021, which was previously exempt, for the reason of economic documentation. The matter has been taken up by the IAP with KPRA explaining that 'Insurance' is a Federal subject, hence law in respect of insurance should not be made by the province.

Based on the legal opinion obtained the Company considers that it has a reasonably strong case on the merits in the Constitutional petition and the writ petition filed in the High Courts. In view of the above the Company has not started billing or withholding sales tax to its customers. The amount of sales tax involved is around Rs. 2,038 million (2021: Rs. 1,815.81 million) computed on the basis of risk based premium excluding the investment amount allocated to unit linked policies. The management contends that in case the administrative efforts fail, the amount will be charged to the policyholders.

- 14.3** Bank guarantees amounting to Rs. 56.97 million have been given in respect of Group Life coverage. These bank guarantees will expire on 30 December 2023.
- 14.4** There were no capital commitments at the period end.

		Aggregate	
		31 March	
		2022	2021
		----- (Rupees in '000) -----	
15	NET INSURANCE PREMIUM / CONTRIBUTION REVENUE		
	Gross premium / contribution		
	Regular premium / contribution individual policies		
	First year	1,515,653	1,640,061
	Second year renewal	1,318,504	1,230,268
	Subsequent year renewal	5,376,885	5,033,979
	Single premium / contribution individual policies	151,958	196,821
	Group policies with cash values	5,115	7,236
	Group policies without cash values	1,317,960	1,032,687
	Provision for experience refund	(41,096)	(26,661)
	Total gross premium / contribution	9,644,979	9,114,391
	Less: Reinsurance premium / retakaful contribution ceded		
	On individual life first year business	15,955	26,662
	On individual life second year business	12,610	17,209
	On individual life renewal business	74,551	103,662
	On group policies	332,645	252,396
	Less: Experience refund from reinsurers	-	-
	Less: Reinsurance commission on risk premium	(6,730)	(12,710)
	Total reinsurance premium / retakaful contribution ceded	429,031	387,219
	Net premium / contribution	9,215,948	8,727,172
16	INVESTMENT INCOME		
	Income from equity securities		
	At fair value through profit or loss (Designated upon initial recognition)		
	Dividend income	891,159	441,572
	Available for sale		
	Dividend income	9,387	7,300
	Income from debt securities		
	At fair value through profit or loss (Designated upon initial recognition)		
	Return on debt securities	333,497	278,689
	On government securities	2,016,915	1,613,413
	Held to maturity		
	On government securities	157,152	137,142
	Income from term deposits		
	Return on term deposits	388,468	301,928
		3,796,578	2,780,044

		Aggregate 31 March	
		2022	2021
		(Rupees in '000)	
17	NET REALISED FAIR VALUE GAINS / (LOSSES) ON FINANCIAL ASSETS		
	Available for sale		
	Realised gains on:		
	- Equity securities	260,255	1,267,754
	- Government securities		-
	Realised losses on:		
	- Equity securities	(2,902)	(312,123)
		<u>257,353</u>	<u>955,631</u>
18	NET FAIR VALUE (LOSSES) / GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS- UNREALISED		
	Net unrealised (losses) on investments in financial assets		
	- Government securities and debt securities (fair value through profit or loss designated upon initial recognition)	(116,990)	(481,658)
	Net unrealised (losses) on investments at fair value through profit or loss (designated upon initial recognition) - Equity securities	(1,023,499)	(671,901)
	Investment (loss)	<u>(1,140,489)</u>	<u>(1,153,559)</u>
	Exchange gain / (loss)	5,880	(7,503)
	(Provision) / reversal of impairment in value of available for sale securities	(12,208)	(37,151)
	Less: Investment related expenses	(53)	-
		<u>(1,146,870)</u>	<u>(1,198,213)</u>
19	OTHER INCOME		
	Gain on sale of fixed assets	5,161	15,180
	Return on loans to employees	7,277	5,083
	Fees charged to policyholders	4,468	4,282
	Gain on sale of early termination of lease contracts'	919	-
	Other income	8	-
		<u>17,833</u>	<u>24,545</u>
20	NET INSURANCE BENEFITS		
	Gross claims		
	Claims under individual policies		
	by death	314,559	406,555
	by insured event other than death	5,800	3,538
	by maturity	945,681	692,574
	by surrender	4,357,557	4,266,423
	Total gross individual policy claims	<u>5,623,597</u>	<u>5,369,090</u>
	Claims under group policies		
	by death	579,153	741,668
	by insured event other than death	27,794	18,943
	by maturity	-	-
	by surrender	3,645	4,060
	Total gross group claims	<u>610,592</u>	<u>764,671</u>
	Total gross claims	<u>6,234,189</u>	<u>6,133,761</u>
	Less: Reinsurance / retakaful recoveries		
	On individual life claims	53,510	68,891
	On group life claims	136,563	187,203
	Total reinsurance / retakaful recoveries	<u>190,073</u>	<u>256,094</u>
	Add: Claims related expenses	1,027	2,450
	Net insurance benefit	<u>6,045,143</u>	<u>5,880,117</u>

	Note	Aggregate	
		31 March	
		2022	2021
		(Rupees in '000)	
21 ACQUISITION EXPENSES			
Remuneration to insurance intermediaries on individual policies:			
- Commission to agent on first year premiums / contributions		562,030	675,608
- Commission to agent on second year premiums / contributions		132,942	111,294
- Commission to agent on subsequent renewal premiums / contributions		144,818	138,598
- Commission to agent on single premiums / contributions		4,263	5,371
- Override commission to supervisors		148,357	152,740
- Other benefits to insurance intermediaries salaries, allowances and other benefits		529,711	461,868
Remuneration to insurance intermediaries on group policies:			
- Commission		109,614	82,223
- Other benefits to insurance intermediaries		26,313	19,422
- Traveling expenses (including cost of contests, conventions etc.)		22,198	11,895
- Printing and stationery		9,537	7,297
- Depreciation		79,425	73,187
- Rent, rates and taxes		3,370	1,761
- Electricity, gas and water		6,254	6,605
- Entertainment		11,397	11,479
- Vehicle running expenses		2,134	1,134
- Office repairs & maintenance		4,804	6,758
- Postages, telegrams and telephone		11,979	9,722
- Medical fees		5,313	3,845
- Finance cost		13,483	12,728
- Policy stamps		29,362	35,776
- Others		58,219	29,906
		<u>1,915,523</u>	<u>1,859,217</u>
22 MARKETING AND ADMINISTRATION EXPENSES			
Employee benefit cost		254,467	223,348
Traveling expenses		6,131	5,609
Advertisements and sales promotion		26,823	15,915
Printing and stationery		29,514	29,799
Depreciation		39,163	36,346
Amortisation		3,956	6,398
Rent, rates and taxes		2,058	265
Legal and professional charges - business related		27,861	10,939
Electricity, gas and water		9,947	8,361
Entertainment		10,296	9,486
Vehicle running expenses		1,275	1,402
Office repair and maintenance		58,563	45,736
Appointed actuary fees		4,236	4,236
Bank charges		1,439	3,264
Postage, internet and telephone		21,414	26,520
Fees and subscription		10,836	12,664
Annual supervision fee SECP		15,500	14,625
Miscellaneous		26,041	50,137
		<u>549,520</u>	<u>505,050</u>
23 OTHER EXPENSES			
Directors' fee		1,775	1,111
Donation		2,738	4,210
Others		819	768
		<u>5,332</u>	<u>6,089</u>
24 TAXATION			
For the period			
Current		206,000	175,000
Deferred		(20,954)	(12,560)
		<u>185,046</u>	<u>162,440</u>

25 RELATED PARTY TRANSACTIONS

The related parties comprise of holding company, directors, key management personnel, associated companies / associated undertakings, and entities with common directors and retirement benefit fund. Compensation of key management personnel are on employment terms. Contribution to the provident fund is in accordance with the service rules. Change to the defined contribution is in accordance with the actuarial advice. Other transactions are at agreed rates. Details of transactions with related parties during the year, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	31 March 2022	31 March 2021
	----- (Rupees in '000) -----	
Transactions		
<i>Holding Company</i>		
Premium written	12,824	11,077
Premium paid	32,114	28,727
Claims paid	-	8,014
Claims received	6	-
<i>Associated Companies / Related Parties</i>		
Premium written	88,432	96,216
Premium paid	41,253	30,373
Claims paid	7,636	17,070
Commission paid	28,891	56,843
Travelling expenses	553	2,835
Donation paid	9,462	1,174
Interest received on bank deposit	217,249	198,284
Purchase of Vehicles (Pak Suzuki Motors)	87,673	6,266
Payment to K-Electric	12,822	10,988
Placement of TDR	-	500,000
Investment sold of related party	10,788,429	34,196
<i>Key management personnel</i>		
Premium written	404	1,224
Loan to key employees	-	-
Loan recovered	1,672	1,299
Compensation paid	61,811	55,826
<i>Employees' funds</i>		
Contribution to provident fund	13,462	11,751
Contribution to pension fund	11,421	9,433
Balances		
Bank balances	8,769,263	1,165,967
Bank deposits	-	10,788,429
Premium payable	52	6,658
Premium receivable	1,304	741
Commission payable to Related Party	7,023	-
Dividend Payable	934,302	921,948
Dividend Receivable	25,745	25,745
Investment in EFU General Insurance Limited from designated unit fund	476,990	491,501
Advance for Purchase of vehicles (Pak Suzuki Motors)	87,238	76,957
Investment in related party	452,110	566,153
Claims outstanding - Holding company	100	100
Claims outstanding - Related party	31,216	30,560
Loan receivable from key employees	29,089	30,761

26 SEGMENTAL INFORMATION
26.1 Revenue account by Statutory Fund

2022						
Statutory Funds						Aggregate
Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	Family Takaful Protection Business	Three months ended 31 March
(Rupees in '000)						
6,367,147	842,127	52	620	1,901,687	102,626	9,214,259
-	-	-	-	1,689	-	1,689
-	-	-	-	8	-	8
-	-	-	-	28	-	28
2,599,815	61,209	178	53	407,112	41,154	3,109,521
8,966,962	903,336	230	673	2,310,524	143,780	12,325,505
5,224,637	424,004	-	-	347,267	46,519	6,042,427
1,689	-	-	-	-	-	1,689
-	-	-	-	28	-	28
1,535,062	196,748	3	691	899,181	54,088	2,685,773
6,761,388	620,752	3	691	1,246,476	100,607	8,729,917
2,205,574	282,584	227	(18)	1,064,048	43,173	3,595,588
(1,685,663)	(160,975)	(72)	(41)	(1,057,098)	(13,919)	(2,917,768)
519,911	121,609	155	(59)	6,950	29,254	677,820
1,685,663	160,975	72	41	1,057,098	13,919	2,917,768
(500,991)	(113,744)	(154)	68	-	(41,487)	(656,308)
-	-	-	-	61,808	-	61,808
(500,991)	(113,744)	(154)	68	61,808	(41,487)	(594,500)
137,669,018	1,731,917	16,754	822	12,123,496	185,277	151,727,284
139,373,601	1,900,757	16,827	872	13,249,352	186,963	154,728,372

Income

Premium / contribution less
reinsurances / retakaful
Policy transfer from other statutory funds
Bonus units transferred to statutory funds
Net investment income
Total net income

Insurance benefits and expenditures

Claims net of reinsurance recoveries
Policy transfer from other statutory funds
Bonus units transferred to statutory funds
Management expenses less recoveries
Total insurance benefits and expenditures

Excess of income over insurance benefits and expenditures

Net change in insurance liabilities (other than outstanding claims)

Surplus / (deficit) before tax

Movement in policyholders' liabilities

Transfer to and from shareholder's fund

Transfer of surplus to shareholders' fund
Capital contribution from shareholders' fund
Net transfer to / from shareholders' fund

Balance of statutory funds at beginning of the period

Balance of statutory funds at end of the period

2021						
Statutory Funds						Aggregate
Investment Linked Business	Conventional Business	Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	Family Takaful Protection Business	Three months ended 31 March
(Rupees in '000)						
6,430,650	673,711	28	80	1,536,234	82,139	8,722,842
3,114	-	-	-	4,330	-	7,444
-	-	-	-	-	-	-
2,321,453	55,773	759	129	290,258	25,218	2,693,590
8,755,217	729,484	787	209	1,830,822	107,357	11,423,876
5,007,842	519,596	938	-	290,690	53,852	5,872,918
4,749		3,114				7,863
				-		-
1,568,290	149,704	9	120	767,418	37,209	2,522,750
6,580,881	669,300	4,061	120	1,058,108	91,061	8,403,531
2,174,336	60,184	(3,274)	89	772,714	16,296	3,020,345
(1,620,942)	(47,127)	3,499	56	(771,574)	(23,527)	(2,459,615)
553,394	13,057	225	145	1,140	(7,231)	560,730
1,620,942	47,127	(3,499)	(56)	771,574	23,527	2,459,615
(538,343)	(22,986)	(290)	(153)	-	-	(561,772)
-	-	-	-	31,587	25,996	57,583
(538,343)	(22,986)	(290)	(153)	31,587	25,996	(504,189)
132,737,657	1,615,304	22,216	927	8,594,191	128,926	143,099,221
134,373,650	1,652,502	18,652	863	9,398,492	171,218	145,615,377

26.2 Segment statement of financial position

	As at 31 March 2022			As at 31 December 2021		
	Statutory Funds	Shareholders Funds	Total	Statutory Funds	Shareholders Funds	Total
	(Rupees in '000)					
Property and equipments	1,165,296	1,267,114	2,432,410	1,178,445	1,315,888	2,494,333
Right of use assets	-	564,645	564,645	-	569,603	569,603
Intangible assets	-	14,419	14,419	-	18,376	18,376
Investments	133,398,362	1,442,271	134,840,633	149,710,893	1,191,287	150,902,180
Insurance / reinsurance receivables	520,162	-	520,162	457,120	-	457,120
Other loans and receivables	3,046,270	293,088	3,339,358	2,396,126	310,052	2,706,178
Taxation - payments less provision	90	1,453,275	1,453,365	2	1,289,169	1,289,171
Prepayments	224,545	-	224,545	134,869	-	134,869
Cash and bank	22,858,534	187,805	23,046,339	4,559,429	48,696	4,608,125
Total assets	161,213,259	5,222,617	166,435,876	158,436,884	4,743,071	163,179,955
Insurance liabilities net of reinsurance recoveries	154,912,560	-	154,912,560	151,757,625	-	151,757,625
Deferred taxation	-	865,635	865,635	-	884,797	884,797
Premium / contribution received in advance	1,116,119	-	1,116,119	1,148,292	-	1,148,292
Insurance / reinsurance payables	366,736	-	366,736	76,238	-	76,238
Lease liabilities	-	652,533	652,533	-	649,581	649,581
Other creditors and accruals	1,747,655	1,178,796	2,926,451	2,359,446	125,597	2,485,043
Total liabilities	158,143,070	2,696,964	160,840,034	155,341,601	1,659,975	157,001,576

27 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for Sale	Fair value through profit or loss	Deposits maturing within 12 months	Total
	(Rupees in '000)				
At beginning of previous year	5,169,640	3,991,733	114,208,661	19,062,000	142,432,034
Additions	7,466,938	43,159,886	42,242,506	146,330,858	239,200,188
Disposals (sale and redemptions)	(4,444,400)	(43,684,289)	(35,502,084)	(141,016,429)	(224,647,202)
Fair value net (loss) / gains (excluding net realised gains)	-	(8,711)	(6,054,200)	-	(6,062,911)
Provision for impairment	-	(19,929)	-	-	(19,929)
At beginning of current year	8,192,178	3,438,690	114,894,883	24,376,429	150,902,180
Additions	1,661,265	125,365	9,811,670	18,288,000	29,886,300
Disposals (sale and redemptions)	-	-	(2,261,430)	(42,664,429)	(44,925,859)
Fair value net loss (excluding net realised gains)	-	7,169	(1,016,947)	-	(1,009,778)
Provision for impairment	-	(12,208)	-	-	(12,208)
At end of current period	9,853,443	3,559,016	121,428,176	(0)	134,840,635

28 FAIR VALUE

Investments on the balance sheet are carried at fair value except for investments in unquoted investments which are stated at breakup value. The Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

On balance sheet financial instruments

On balance sheet financial instruments	31 March 2022										
	Fair value through profit or loss (designated upon initial recognition)	Available for sale	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value			Total
								Level 1	Level 2	Level 3	
<hr style="border-top: 1px dashed black;"/> <div>(Rupees in '000)</div> <hr/>											
Financial assets measured at fair value											
- Investments											
Government securities (T-bills + PIBs + Sukuks)	89,104,979	-	-	-	-	-	89,104,979	-	89,104,979	-	89,104,979
Sukuk bonds (other than government)	2,344,847	-	-	-	-	-	2,344,847	-	2,344,847	-	2,344,847
Listed equity securities	30,629,848	209,092	-	-	-	-	30,838,940	30,838,940	-	-	30,838,940
Unlisted equity securities	-	508	-	-	-	-	508	-	-	508	508
Units of mutual funds	671,152	126,470	-	-	-	-	797,622	-	797,622	-	797,622
Debt securities (Listed TFCs)	3,441,848	-	-	-	-	-	3,441,848	-	2,778,108	663,740	3,441,848
Financial assets not measured at fair value											
- Government securities (T-bills + PIBs + Sukuks)	-	-	7,911,891	-	-	-	7,911,891				
- Balances with banks *	23,031,140	-	-	-	-	-	23,031,140				
- Certificate of investment	-	-	400,000	-	-	-	400,000				
- Advances to employees and agents	-	-	-	221,266	-	-	221,266				
- Investment income accrued	-	-	-	-	2,545,865	-	2,545,865				
- Other loans and receivables (excluding markup accrued)*	-	-	-	-	572,224	-	572,224				
	149,223,814	336,070	8,311,891	221,266	3,118,089	-	161,211,130				
Financial liabilities not measured at fair value											
Deferred taxation	-	-	-	-	-	865,635	865,635				
Premium received in advance	-	-	-	-	-	1,116,120	1,116,120				
Insurance / reinsurance payables	-	-	-	-	-	366,735	366,735				
Lease liability	-	-	-	-	-	652,533	652,533				
Other creditors and accruals	-	-	-	-	-	2,926,451	2,926,451				
	-	-	-	-	-	5,927,474	5,927,474				
	149,223,814	336,070	8,311,891	221,266	3,118,089	(5,927,474)	155,283,656				

On balance sheet financial instruments

31 December 2021

	Fair value through profit or loss (designated upon initial recognition)	Available for sale	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value			Total
								Level 1	Level 2	Level 3	
<hr/> <hr/> <div>(Rupees in '000)</div> <hr/> <hr/>											
Financial assets measured at fair value											
- Investments											
Government securities (T-bills + PIBs + Sukuks)	79,419,004	-	-	-	-	-	79,419,004	-	79,419,004	-	79,419,004
Sukuk bonds (other than government)	2,482,032	-	-	-	-	-	2,482,032	-	2,482,032	-	2,482,032
Listed equity securities	31,664,212	199,203	-	-	-	-	31,863,415	31,863,415	-	-	31,863,415
Unlisted equity securities	-	683	-	-	-	-	683	-	-	683	683
Units of mutual funds	1,326,134	128,442	-	-	-	-	1,454,576	-	1,454,576	-	1,454,576
Debt securities (Listed TFCs)	2,992,793	-	-	-	-	-	2,992,793	-	2,328,330	664,463	2,992,793
Financial assets not measured at fair value											
- Government securities (T-bills + PIBs + Sukuks)	-	-	7,903,248	-	-	-	7,903,248				
- Balances with banks *	28,981,674	-	-	-	-	-	28,981,674				
- Certificate of investment	-	-	410,000	-	-	-	410,000				
- Advances to employees and agents	-	-	-	229,430	-	-	229,430				
- Investment income accrued	-	-	-	-	2,066,950	-	2,066,950				
- Other loans and receivables							-				
(excluding markup accrued)*	-	-	-	-	409,799	-	409,799				
	146,865,849	328,328	8,313,248	229,430	2,476,749	-	158,213,604				
Financial liabilities not measured at fair value											
Deferred taxation	-	-	-	-	-	884,797	884,797				
Premium received in advance	-	-	-	-	-	1,148,292	1,148,292				
Insurance / reinsurance payables	-	-	-	-	-	76,238	76,238				
Lease liability	-	-	-	-	-	649,581	649,581				
Other creditors and accruals	-	-	-	-	-	2,485,043	2,485,043				
	-	-	-	-	-	5,243,951	5,243,951				
	146,865,849	328,328	8,313,248	229,430	2,476,749	(5,243,951)	152,969,653				

*The Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or reprice over short term. Therefore their carrying amounts are reasonable approximation of fair value.

29 GENERAL

Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

Certain prior year's figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons.

30 Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 28 April 2022.

**Managing Director &
Chief Executive Officer**

Chief Financial Officer

Director

Director

Chairman

EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS (Un-audited / Un-reviewed)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

		Operator Sub Fund	Policyholder Fund	31 March 2022 Unaudited	31 December 2021 Audited
	Note	(Rupees in '000)			
Assets					
Investments					
Equity securities	5	-	2,355,489	2,355,489	2,218,911
Government securities	6	353,840	5,957,837	6,311,677	4,899,105
Debt securities	7	10,000	938,604	948,604	1,001,407
Term deposits	8	-	-	-	3,601,000
Takaful / retakaful receivables		-	65,076	65,076	65,076
Other loans and receivables		939,847	763,334	1,703,181	863,325
Deferred tax asset		26,449	-	26,449	17,586
Prepayments		13,155	-	13,155	8,560
Cash & Bank	9	138,138	5,337,836	5,475,974	1,746,021
Total Assets		1,481,429	15,418,176	16,899,605	14,420,991
Equity and Liabilities					
Cede Money		50,000	-	50,000	50,000
Capital contributed by shareholder's fund		178,594	(4,326)	174,268	102,220
Qard-e-Hasna		(45,897)	45,897	-	-
Retained Earning arising from business other than participating business attributable to shareholder's (Ledger account D)		137,849	-	137,849	148,089
Accumulated losses		(64,762)	-	(64,762)	(43,064)
Total Equity		255,784	41,571	297,355	257,245
Liabilities					
Insurance Liabilities	10	-	13,609,643	13,609,643	12,448,511
Takaful contribution received in advance		-	129,082	129,082	150,072
Takaful / retakaful payables		-	128,106	128,106	33,749
Defered Tax Liability		-	-	-	-
Other creditors and accruals		1,225,645	1,509,774	2,735,419	1,531,414
Total Liabilities		1,225,645	15,376,605	16,602,250	14,163,746
Total Equity and Liabilities		1,481,429	15,418,176	16,899,605	14,420,991
Contingency(ies) and commitment(s)	11	(0.00)	-	(0.00)	(0.00)

The annexed notes 1 to 23 form an integral part of these financial statements.

**Managing Director &
Chief Executive Officer**

Chief Financial Officer

Director

Director

Chairman

EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS (Un-audited / Un-reviewed)
Condensed Interim Profit And Loss Account
For The Three Months Period Ended 31 March 2022

		Operator's Sub Fund		Policyholder's Fund		Aggregate	
		Three Months Ended		Three Months Ended		Three Months Ended	
		31 March		31 March		31 March	
Note		2022	2021	2022	2021	2022	2021
		----- (Rupees in '000) -----					
	Contribution Revenue	449,337	454,144	1,670,814	1,231,655	2,120,151	1,685,799
	Contribution ceded to reinsurers	-	-	(114,150)	(63,097)	(114,150)	(63,097)
	Net Contribution revenue	449,337	454,144	1,556,664	1,168,558	2,006,001	1,622,702
	Wakalat-ul-Istismar - PIF	147,213	108,596	(147,213)	(108,596)	-	-
	Wakala Fee - PTF	76,955	51,724	(76,955)	(51,724)	-	-
	Special reinstatement fee	8	-	-	-	8	-
	Mudarib Fee	6,553	-	(6,553)	-	-	-
	Investment income	19,025	14,984	274,164	126,690	293,189	141,674
	Net realised fair value gains on financial assets	35	637	9,167	121,291	9,202	121,928
	Net fair value (losses) on financial assets at fair value through profit or loss	(294)	(567)	(77,998)	(107,880)	(78,292)	(108,447)
		249,495	175,374	(25,388)	(20,219)	224,107	155,155
	Net income	698,832	629,518	1,531,276	1,148,339	2,230,108	1,777,857
	Takaful benefits	-	-	413,281	392,080	413,281	392,080
	Recoveries from retakafuls	-	-	(19,792)	(47,538)	(19,792)	(47,538)
	Claims related expenses	-	-	-	-	-	-
	Net Takaful Benefits	-	-	393,489	344,542	393,489	344,542
	Net Change in Takaful Liabilities (other than outstanding claims)	-	-	1,137,787	803,797	1,137,787	803,797
	Acquisition expenses	647,918	569,939	-	-	647,918	569,939
	Exgratia-Surrender Expense	298	-	-	-	298	-
	Marketing and administration expenses	81,177	74,369	-	-	81,177	74,369
	Total Expenses	729,393	644,308	1,137,787	803,797	1,867,180	1,448,105
	(Loss)/ Income before tax	(30,561)	(14,790)	0	-	(30,561)	(14,790)
	Income tax	8,863	4,289	(0)	-	8,863	4,289
	Income for the period	(21,698)	(10,501)	0	-	(21,698)	(10,501)
	Earnings per share - Rupees	(0.22)	(0.11)	0.00	-	(0.22)	(0.11)

The annexed notes 1 to 23 form an integral part of these financial statements.

**Managing Director &
Chief Executive Officer**

Chief Financial Officer

Director

Director

Chairman

EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS (Un-audited / Un-reviewed)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For The Three Months Period Ended 31 March 2022

	Operator Sub Fund		Policyholder Funds		Aggregate	
	Three Months Ended 31 March		Three Months Ended 31 March		Three Months Ended 31 March	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Loss for the period - as per Profit and Loss Account	(21,698)	(10,501)	0	-	(21,698)	(10,501)
Other Comprehensive Income:						
Items that may be reclassified to profit and loss in subsequent periods:						
Change in unrealised gains / (losses) on available-for-sale financial assets	-	-	-	-	-	-
Reclassification adjustment relating to available-for-sale investments sold during the period	-	-	-	-	-	-
Related deferred tax	-	-	-	-	-	-
Other comprehensive income for the period- net of tax	-	-	-	-	-	-
Total comprehensive income for the period	(21,698)	(10,501)	0	-	(21,698)	(10,501)

The annexed notes 1 to 23 form an integral part of these financial statements.

**Managing Director &
Chief Executive Officer**

Chief Financial Officer

Director

Director

Chairman

CONDENSED INTERIM STATEMENT OF CASH FLOWS
Window Takaful Operations (Un-audited / Un-reviewed)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

	Three months ended 31 March	
	2022	2021
	----- (Rupees in '000) -----	
Operating cash flows		
a) Takaful activities		
Takaful contribution received	2,098,863	1,669,100
Retakaful contribution paid	-	-
Claims paid	(390,594)	(326,843)
Retakaful and other recoveries received	-	-
Commission paid	(444,591)	(424,169)
Marketing and Administrative expenses paid	(81,177)	(74,369)
Other acquisition cost paid	(318,121)	(163,402)
Net cash flow from underwriting activities	864,380	680,317
b) Other operating activities		
Other operating receipts	1,385,543	160,665
Other (payments) on operating assets	(790,923)	(230,077)
Net cash flow from other operating activities	594,620	(69,412)
Total cash flow from all operating activities	1,459,000	610,905
Investment activities		
Profit / Return received	142,261	135,221
Dividends received	50,825	14,579
Payments for investments	(1,655,313)	(3,995,346)
Proceed from disposal of investments	89,876	3,972,249
Total cash flow from investing activities	(1,372,351)	126,703
Financing activities		
Net Capital contributed from shareholder's fund	42,304	23,153
Surplus appropriated to shareholder's fund	-	-
Total cash flow from financing activities	42,304	23,153
Net cash flow from all activities	128,953	760,761
Cash and cash equivalents at beginning of the period	5,347,021	4,613,868
Cash and cash equivalents at end of the period	5,475,974	5,374,629
Reconciliation to profit and loss account		
Operating cash flows	1,459,000	610,905
Depreciation expense	(18,991)	(25,658)
Amortization expense	(513)	(829)
Loss on disposal of investments	9,201	121,928
Dividend Income	50,825	14,579
Other investment income	248,705	119,447
Appreciation in market value of investments	(84,635)	(100,798)
(Decrease)in assets other than cash	753,211	240,198
Increase in liabilities	(2,438,501)	(990,273)
Profit after taxation	(21,698)	(10,501)

The annexed notes 1 to 23 form an integral part of these financial statements.

**Managing Director &
Chief Executive Officer**

Chief Financial Officer

Director

Director

Chairman

EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS (Un-audited / Un-reviewed)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

	Attributable to the equity holders' of the Company						
	Cede Money	Capital Contribution from main Shareholder Fund	General Reserve	Retained earnings arising from business other than participating business attributable to shareholders (ledger account D)- net of tax *	Surplus/Deficit on revaluation of available for sale investment	Unappropriated Profit	Total
	(Rupees in '000)						
Balance as at 1 January 2021	50,000	216,469	-	89,024	-	(120,218)	235,275
Capital contribution from shareholder's fund	-	57,583	-	-	-	-	57,583
Profit transferred to main shareholder's fund	-	(7,943)	-	-	-	-	(7,943)
Loss for the period ended 31 March 2021	-	-	-	-	-	(10,501)	(10,501)
Other Comprehensive income/(loss)	-	-	-	-	-	-	-
Total loss for the period ended 31 March 2021	-	-	-	-	-	(10,501)	(10,501)
Contribution to increase solvency margin	-	(9,761)	-	9,761	-	-	-
Capital contribution transferred to policy holder liability	-	(16,462)	-	-	-	-	(16,462)
Balance as at 31 March 2021	50,000	239,886	-	98,785	-	(130,719)	257,952
Balance as at 1 January 2022	50,000	102,220	-	148,089	-	(43,064)	257,245
Capital contribution from shareholder's fund	-	61,808	-	-	-	-	61,808
Loss for the period ended 31 March 2022	-	-	-	-	-	(21,698)	(21,698)
Other Comprehensive income/(loss)	-	-	-	-	-	-	-
	-	-	-	-	-	(21,698)	(21,698)
Contribution to increase solvency margin	-	10,240	-	(10,240)	-	-	-
Capital contribution transferred to policy holder liability	-	-	-	-	-	-	-
Balance as at 31 March 2022	50,000	174,268	-	137,849	-	(64,762)	297,355

*This include balances maintained in accordance with the requirements of section 35 of the Insurance Ordinance ,2000 read with rule 14 of the Insurance Rules, 2017 to meet solvency margins, which are mandatorily maintained for the carrying on of the life insurance business.

The annexed notes 1 to 23 form an integral part of these financial statements.

Managing Director &
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

EFU LIFE ASSURANCE LIMITED- Window Takaful Operations (Un-audited / Un-reviewed)
Notes To and forming part of Condensed Interim Financial Statement
For The Three Months Period Ended 31 March 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** EFU Life Assurance Limited (the Company) was incorporated in Pakistan on 09 August 1992 as a public limited company under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017) and started its operation from 18 November 1992. The shares of the Company are quoted on Pakistan Stock Exchange. The Registered office of the Company is located at Al-Malik Centre, 70W, F-7/G-7 Jinnah Avenue, Islamabad while principal place of business is located at EFU Life House Plot No.112, 8th East street, Phase 1, DHA, Karachi.
- 1.2** The Company is a subsidiary of EFU General Insurance Limited on the basis of its ability to control the composition of the Board of Directors of EFU Life Assurance Limited effective 31 March 2018.
- 1.3** The Company is engaged in life insurance business including ordinary life business, pension fund business and accident and health business and has established following statutory funds, as required by the Insurance Ordinance, 2000:
- Family Takaful Investment Linked Business (Refer note 1.4)
 - Family Takaful Protection Business (Refer note 1.4)
- 1.4** The Company was granted authorisation on 19 January 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operation in respect of family takaful products by Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on 6 February 2015 under the brand name "Hemayah". For the purpose of carrying on takaful business, the Company has formed a Waqf namely EFU Life - Window Family Takaful Limited Waqf (here-in-after referred to as the Participant Takaful Fund (PTF)) was formed on 6 February 2015 under a Waqf deed executed by the Company with a cede amount of Rs. 2 million. The cede money is required to be invested in Shariah compliant investments and any profit thereon can be utilized only to pay benefits to participants or defray PTF expenses. Waqf deed also governs the relationship of the Company and policyholders for the management of Takaful operations, investment of policyholders' funds and shareholders' funds as approved by the Shariah Advisor appointed by the Company.

2 Basis of preparation and statement of compliance

- 2.1** These condensed interim financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Insurance Rules, 2017 vide its S.R.O. 89(1) / 2017 dated 09 February 2017.
- 2.2** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Takaful Rules, 2012 and Insurance Accounting Regulations, 2017; and
 - Islamic Financial Accounting Standards (IFAS) (as a lease) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules 2012 shall prevail.

2.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for the available for sale investments which are stated at their fair values.

2.4 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest thousands.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended 31 December 2021.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

5 INVESTMENTS IN EQUITY SECURITIES

		31 March 2022	31 December 2021
	Note	Unaudited	Audited
		----- (Rupees in '000) -----	
5	INVESTMENTS IN EQUITY SECURITIES		
	Available for Sale	5.1	-
	At fair value through profit or loss (Designated - upon initial recognition)	5.2	2,218,911
		2,355,489	2,218,911

	31 March 2022 (Unaudited)			31 December 2021 (Audited)		
	Cost	Impairment/ provision	Carrying Value	Cost	Impairment/ provision	Carrying Value
	(Rupees in '000)					
5.1 Available for Sale	-	-	-	-	-	-
5.2 Fair Value through Profit and Loss (Designated - upon initial recognition)						
Related Parties						
Listed Shares	-	-	-	-	-	-
Others						
Listed Shares	2,473,057	-	2,355,489	2,273,819	-	2,218,911
	2,473,057	-	2,355,489	2,273,819	-	2,218,911

6. GOVERNMENT SECURITIES

6. GOVERNMENT SECURITIES		31 March 2022	31 December 2021
		Unaudited	Audited
		----- (Rupees in '000) -----	
Held to Maturity	6.1	892,417	892,977
Fair value through profit and loss (designated - upon initial recognition)	6.2	5,419,260	4,006,128
		6,311,677	4,899,105

				31 March 2022 (Unaudited)			31 December 2021 (Audited)		
		Maturity Year	Effective Yield	Amortised Cost	Principal Repayment	Carrying Value	Amortised Cost	Principal Repayment	Carrying Value
6.1	Held to Maturity		%	----- (Rupees in '000) -----					
	Years Government Ijara	2025	6.27	247,900	247,639	247,900	247,833	247,639	247,833
	Pakistan Energy Sukuk I	2029	8.05	192,507	197,160	192,507	193,004	197,160	193,004
	10 Years Pakistan Energy Sukuk II	2030	7.25	452,010	452,700	452,010	452,141	452,700	452,140
				892,417	897,499	892,417	892,978	897,499	892,977

6.2	Fair Value through profit and loss (Designated - upon initial recognition)	Maturity Year	Effective Yield %	31 March 2022 (Unaudited)			31 December 2021 (Audited)		
				Amortised Cost	Principal Repayment	Carrying Value	Amortised Cost	Principal Repayment	Carrying Value
				(Rupees in '000)					
	Years Government Ijara	2025	5.95	4,884,836	4,886,764	4,839,260	3,450,926	3,449,784	3,426,128
	Pakistan Energy Sukuk 1	2029	8.05	605,140	620,840	530,000	606,815	620,840	530,000
	Pakistan Energy Sukuk 11	2030	7.25	50,223	50,300	50,000	50,238	50,300	50,000
				5,540,199	5,557,904	5,419,260	4,107,979	4,120,924	4,006,128

7. INVESTMENT IN DEBT SECURITIES

	Note	31 March 2022 (Unaudited)			31 December 2021 (Audited)		
		Cost	Impairment/ Provision	Carrying Value	Cost	Impairment / Provision	Carrying Value
		(Rupees in '000)					
Others							
Corporate Sukuks	7.1	948,604	-	948,604	1,001,407	-	1,001,407
		948,604	-	948,604	1,001,407	-	1,001,407
</							

8. INVESTMENTS IN TERM DEPOSITS

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
	----- (Rupees in '000) -----	
Deposit maturing within 12 months	-	3,601,000

9. CASH AND BANK

Cash and Cash Equivalent		
Cash in hand	407	75
Cash at bank		
Current account	516,674	475,002
Saving account	4,958,893	1,270,944
	5,475,974	1,746,021
	31 March 2022	31 March 2021
	----- (Rupees in '000) -----	
9.1 Cash and cash equivalents for cash flow purpose comprise of the following:		
- Cash and others	407	402
- Cash at bank	5,475,567	1,680,227
- Term deposits maturing within three months	-	3,694,000
	5,475,974	5,374,629

		31 March 2022 (Unaudited)	31 December 2021 (Audited)
	Note	----- (Rupees in '000) -----	
10. TAKAFUL LIABILITIES			
Reported outstanding claims	10.1	325,085	301,129
Incurred but not reported claims	10.2	85,297	84,601
Investment component of unit-linked and account value policies	10.3	12,592,636	11,545,043
Liabilities under individual conventional insurance contracts	10.4	126,168	116,304
Liabilities under group insurance contracts (other than investment linked)	10.5	64,567	52,979
Other liabilities		47,226	46,560
Participant takaful fund balance	10.6	368,664	301,895
		<u>13,609,643</u>	<u>12,448,511</u>
10.1 Reported Outstanding Claims			
Gross of Retakaful			
Payable within one year		305,519	282,840
Payable over a period of time exceeding one year		53,542	49,057
		<u>359,061</u>	<u>331,897</u>
Recoverable from Retakaful			
Receivable over a period of time exceeding one year		(33,976)	(30,768)
		<u>(33,976)</u>	<u>(30,768)</u>
Net reported outstanding claims		<u>325,085</u>	<u>301,129</u>
10.2 Incurred But Not Reported Claims			
Gross of retakaful		142,078	126,400
Retakaful recoveries		(56,781)	(41,799)
Net of retakaful		<u>85,297</u>	<u>84,601</u>
10.3 Investment Component of Unit Linked and Account Value Policies			
Investment component of unit linked policies		12,592,636	11,545,043
Investment component of account value policies		-	-
		<u>12,592,636</u>	<u>11,545,043</u>
10.4 Liabilities under Individual Conventional takaful Contracts			
Gross of Retakaful		195,805	179,169
Retakaful Credit		(69,637)	(62,865)
Net of Reinsurance		<u>126,168</u>	<u>116,304</u>
10.5 Liabilities under Group Insurance Contracts (other than investment linked)			
Gross of Reinsurance		136,631	73,538
Reinsurance Credit		(72,064)	(20,559)
Net of Reinsurance		<u>64,567</u>	<u>52,979</u>
10.6 Participant Takaful Fund Balance		368,664	301,895
10.6	This comprises of surplus of Individual Family Takaful - Participant Takaful Fund, which relates exclusively to participants of the Individual Family Takaful Fund and is not available for distribution to shareholders. Under the Waqf Deed of Individual Family Takaful Fund read with Rule 21 of Takaful Rules, 2012, the surplus arising in the Participants Sub Fund can only be distributed to the Participants of that Fund based on approval of the Appointed Actuary. The surplus has been classified under insurance liabilities as clarified by SECP.		
11. CONTINGENCIES AND COMMITMENTS			

The contingencies and commitments reported in the main financials of the Company also includes impacts of Window Takaful Operations as at December 31, 2021. Out of the reported amount thereon, an amount of Rs.147.096 million pertains to Window Takaful Operations. There were no other material contingencies and commitments as at March 31, 2022.

		Aggregate	
		Three months period ended 31 March	
		2022	2021
		----- (Rupees in '000) -----	
12. NET CONTRIBUTION REVENUE			
Gross contribution			
Regular contribution individual policies			
First year	625,860	559,228	
Second year renewal	446,360	347,859	
Subsequent year renewal	795,133	578,353	
Single contribution individual policies	58,508	82,319	
Group policies with cash values	65	95	
Group policies without cash values	194,225	117,945	
Total gross contribution	2,120,151	1,685,799	
Less: Retakaful contribution ceded			
On individual life first year business	8,270	11,857	
On individual life second year business	4,741	6,093	
On individual life renewal business	13,259	16,316	
On group policies	91,600	35,806	
Less: Experience refund from reinsurers	(3,720)	(6,975)	
Total reinsurance premium / retakaful contribution ceded	114,150	63,097	
Net premium / contribution	2,006,001	1,622,702	
13. INVESTMENT INCOME			
Income from equity securities			
At fair value through profit and loss (Designated upon initial recognition)			
Dividend income	50,825	14,579	
Available for Sale			
Dividend income	-	-	
Income from debt securities			
At fair value through profit and loss (Designated upon initial recognition)			
Return on debt securities	76,970	49,970	
On government securities	24,134	(121,562)	
Held to maturity			
On government securities	86,489	157,160	
Income from term deposits			
Return on term deposits	54,771	41,527	
	293,189	141,674	

		Aggregate	
		Three months period ended	
		31 March	
		2022	2021
		(Rupees in '000)	
14. NET REALISED FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS			
Available for sale			
Realised gains on:			
- Equity securities	9,202	130,336	
- Government securities	-	-	
Realised losses on:			
- Equity securities	-	(8,408)	
	9,202	121,928	
15. NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - UNREALISED			
Net unrealised (losses) / gains on investments at fair value through profit or loss (designated upon initial recognition)- Equity Securities	(78,292)	(108,447)	
Total investment income	(78,292)	(108,447)	
	(78,292)	(108,447)	
16. NET TAKAFUL BENEFITS			
Gross claims			
Claims under individual policies			
by death	23,839	52,290	
by insured event other than death	-	-	
by maturity	-	-	
by surrender	332,169	268,181	
Total gross individual policy claims	356,008	320,471	
Claims under group policies			
by death	57,261	71,609	
by insured event other than death	12	-	
by maturity	-	-	
by surrender	-	-	
Total gross group claims	57,273	71,609	
Total gross claims	413,281	392,080	
Less: Retakaful recoveries			
On individual life claims	9,038	29,781	
On group life claims	10,754	17,757	
Total retakaful recoveries	19,792	47,538	
Net takaful benefit expense	393,489	344,542	

Aggregate	
Three months period ended	
31 March	
2022	2021
(Rupees in '000)	

17 ACQUISITION EXPENSES

Remuneration to takaful intermediaries on individual policies:

- Commission to agent on first year contributions	239,508	240,679
- Commission to agent on second year contributions	43,420	32,837
- Commission to agent on subsequent renewal contributions	24,171	18,067
- Commission to agent on single contributions	1,671	2,256
- Override commission to supervisors	49,646	42,767
- Other benefits to takaful intermediaries	209,185	166,386
Salaries, allowances and other benefits		

Remuneration to takaful intermediaries on group policies:

- Commission	9,066	8,428
- Other benefits to takaful intermediaries	4,070	2,584

Other acquisition costs

- Traveling expenses	1,726	1,621
- Printing and stationery	574	1,347
- Depreciation	13,938	20,794
- Rent, rates and taxes	10,168	1,021
- Electricity, gas and water	2,634	2,941
- Entertainment	2,533	2,320
- Vehicle running expenses	737	224
- Office repairs & maintenance	1,456	1,057
- Postages, telegrams and telephone	2,243	2,810
- Finance Cost	4,378	3,598
- Others	15,984	7,410
- Medical fees	1,226	1,040
- Policy stamps	9,584	9,752
	647,918	569,939

18. MARKETING AND ADMINISTRATION EXPENSES

Employee benefit cost	36,385	29,842
Traveling expenses	2,276	1,128
Advertisements and sales promotion	5,494	890
Printing and stationery	5,606	6,754
Depreciation	5,053	4,864
Amortisation	513	829
Rent, rates and taxes	267	32
Legal and Professional charges	2,526	1,042
Electricity, gas and water	1,369	1,166
Entertainment	1,950	1,528
Vehicle running expenses	264	181
Office repair and maintenance	7,588	5,927
Appointed actuary fees	549	549
Bank charges	263	436
Postage, internet and telephone	3,968	4,041
Fees and subscription	1,452	1,622
Annual supervision fee SECP	3,395	2,698
Miscellaneous	2,259	10,840
	81,177	74,369

19. Tax for the year

	Aggregate	
	Three months period ended	
	31 March	
	2022	2021
Current	8,863	4,289
Deferred	-	-
	8,863	4,289

20. RELATED PARTY TRANSACTIONS

The related parties comprise of holding company, directors, key management personnel, associated companies/associated undertakings, and entities with common directors and retirement benefit fund. Compensation of key management personnel are on employment terms. Contribution to the provident fund is in accordance with the service rules. Change to the defined contribution is in accordance with the actuarial advice. Other transactions are at agreed rates. Details of transactions with related parties during the period, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	<div>31 March 2022</div>	<div>31 March 2021</div>
	<div>----- (Rupees in '000) -----</div>	
Transactions		
Associated companies/ Related Party		
Premium written	(38)	2
Premium paid	4,460	2,735
Claims paid	53	1,978
Commission Paid	5,092	15,429
Interest / Profit received	35,154	39,893
Payment to K-Electric	6	-
TDR matured	1,450,000	34,196
Employees' funds		
Contribution to provident fund	933	926
Contribution to pension fund	444	349
Key Management Personnel Transactions		
Premium written	160	1,070
	<div>31 March 2022 (Unaudited)</div>	<div>31 December 2021 (Audited)</div>
	<div>----- (Rupees in '000) -----</div>	
Balances		
Bank balances	1,852,070	844,619
Bank deposits	-	1,450,000
Premium receivable	402	440
Commission Payable to related party	7,023	
Investment in Related Party	146,591	152,928
Claim outstanding - Related Party	577	822

21. SEGMENTAL INFORMATION

21.1 Revenue Account by Statutory Fund

Income

Contribution less retakaful	1,901,687
Policy transfer from other statutory funds	1,689
Bonus units transfer to statutory fund	8
Net investment income / wakala income	407,112
Total net income	2,310,496

Takaful Benefits and Expenditures

Claims net of retakaful recoveries	347,267
Policy transfer from other statutory funds	-
Management expenses less recoveries	899,181
Total takaful Benefits and Expenditures	1,246,448

Excess of income over takaful

Benefits and Expenditures

Net Change in takaful Liabilities (Other than outstanding Claims)

Deficit before tax

Movement in takaful liabilities

Transfer to and from Shareholder's Fund

Transfer of (surplus) / deficit to shareholders' fund

Capital contribution to / from share holders' fund

Net Transfer to / from shareholders' fund

Balance of statutory funds at beginning of the period

Balance of statutory funds at end of the period

		Aggregate
Family Takaful Investment Linked Business	Family Takaful Protection Business	Period ended 31 March 2022
(Rupees in '000)		
1,901,687	102,626	2,004,313
1,689	-	1,689
8	-	8
407,112	41,154	448,266
2,310,496	143,780	2,454,276
347,267	46,519	393,786
-	-	-
899,181	54,088	953,269
1,246,448	100,607	1,347,055
1,064,048	43,173	1,107,221
(1,057,098)	(13,919)	(1,071,017)
6,950	29,254	36,204
1,057,098	13,919	1,071,017
-	(41,487)	(41,487)
61,808	-	61,808
61,808	(41,487)	20,321
12,123,496	185,277	12,308,773
13,249,352	186,963	13,436,315

Income

Contribution less retakaful	1,536,234
Policy transfer from other statutory funds	4,330
Bonus units transferred to statutory funds	-
Net investment income	290,258
Total net income	1,830,822

Takaful Benefits and Expenditures

Claims net of retakaful recoveries	290,690
Policy transfer from other statutory funds	-
Bonus units transferred to statutory funds	-
Management expenses less recoveries	767,418
Total Insurance Benefits and Expenditures	1,058,108

Excess of income over Takaful

Benefits and Expenditures

Net Change in Takaful Liabilities (Other than outstanding Claims)

Deficit before tax

Movement in takaful liabilities

Transfer to and from Shareholder's Fund

Transfer of (surplus) / deficit to shareholders' fund

Capital contribution from share holders' fund

Net Transfer to/from shareholders' fund

Balance of statutory funds at beginning of the period

Balance of statutory funds at end of the period

		Aggregate
Family Takaful Investment Linked Business	Family Takaful Protection Business	Period ended 31 March 2021
(Rupees in '000)		
1,536,234	82,139	1,618,373
4,330	-	4,330
-	-	-
290,258	25,218	315,476
1,830,822	107,357	1,938,179
290,690	53,852	344,542
-	-	-
-	-	-
767,418	37,209	804,627
1,058,108	91,061	1,149,169
772,714	16,296	789,010
(771,574)	(23,527)	(795,101)
1,140	(7,231)	(6,091)
771,574	23,527	795,101
-	-	-
31,587	25,996	57,583
31,587	25,996	57,583
8,594,191	128,926	8,723,117
9,398,492	171,218	9,569,710

22 FAIR VALUE

Investments on the balance sheet are carried at fair value except for investments in non unit-linked funds which are stated at lower of cost or market value and unquoted investments which are stated at cost. The Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

On balance sheet financial instruments

On balance sheet financial instruments	31 March 2022										
	Fair Value through profit and loss designated upon initial recognition	Available for Sale	Held To Maturity	Loans and Receivables	Other financial assets	Other financial liabilities	Total	Fair value			Total
								Level 1	Level 2	Level 3	
(Rupees in '000)											
Financial assets measured at fair value											
- Investments											
Government Securities (T-bills + PIBs + Sukuks)	5,419,260	-	-	-	-	-	5,419,260	-	5,419,260	-	5,419,260
Sukuk Bonds (other than government)	948,604	-	-	-	-	-	948,604	-	948,604	-	948,604
Listed equity securities	2,355,489	-	-	-	-	-	2,355,489	2,355,489	-	-	2,355,489
Unlisted equity securities	-	-	-	-	-	-	-	-	-	-	-
Units of mutual funds	-	-	-	-	-	-	-	-	-	-	-
Debt securities (Listed TFCs)	-	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value											
- Government Securities (T-bills + PIBs + Sukuks)	-	-	892,417	-	-	-	892,417	-	866,391	-	866,391
- Balances with banks *	5,475,974	-	-	-	-	-	5,475,974	-	-	-	-
- Certificate of Investment	-	-	-	-	-	-	-	-	-	-	-
- Advances	-	-	-	-	-	-	-	-	-	-	-
- Investment income accrued	-	-	-	-	246,540	-	246,540	-	-	-	-
- Other loans and receivables (excluding markup accrued)*	-	-	-	-	1,703,181	-	1,703,181	-	-	-	-
	14,199,327	-	892,417	-	1,949,721	-	17,041,465	-	-	-	-
Financial liabilities not measured at fair value											
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-
Premium received in advance	-	-	-	-	-	129,082	129,082	-	-	-	-
Insurance / reinsurance payables	-	-	-	-	-	128,106	128,106	-	-	-	-
Other creditors and accruals	-	-	-	-	-	2,735,419	2,735,419	-	-	-	-
	-	-	-	-	-	2,992,607	2,992,607	-	-	-	-
	14,199,327	-	892,417	-	1,949,721	(2,992,607)	14,048,858	-	-	-	-

On balance sheet financial instruments

31 December 2021

	Fair Value through profit and loss (designated upon initial recognition)	Available for Sale	Held to Maturity	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Fair value			Total
								Level 1	Level 2	Level 3	
(Rupees in '000)											
Financial assets measured at fair value											
- Investments											
Government Securities (T-bills + PIBs + Sukuks)	4,006,128	-	-	-	-	-	4,006,128	-	4,006,128	-	4,006,128
Sukuk Bonds (other than government)	981,407	-	-	-	-	-	981,407	-	981,407	-	981,407
Listed equity securities	2,218,911	-	-	-	-	-	2,218,911	2,218,911	-	-	2,218,911
Unlisted equity securities	-	-	-	-	-	-	-	-	-	-	-
Units of mutual funds	-	-	-	-	-	-	-	-	-	-	-
Debt securities (Listed TFCs)	20,000	-	-	-	-	-	20,000	20,000	-	-	20,000
	-	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value											
- Government Securities (T-bills + PIBs + Sukuks)	-	-	892,977	-	-	-	892,977	-	866,391	-	866,391
- Balances with banks *	5,347,021	-	-	-	-	-	5,347,021	-	-	-	-
- Certificate of Investment	-	-	-	-	-	-	-	-	-	-	-
- Advances	-	-	-	-	-	-	-	-	-	-	-
- Investment income accrued	-	-	-	-	146,436	-	146,436	-	-	-	-
- Other loans and receivables (excluding markup accrued)*	-	-	-	-	863,325	-	863,325	-	-	-	-
	12,573,467	-	892,977	-	1,009,761	-	14,476,205	-	-	-	-
Financial liabilities not measured at fair value											
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-
Premium received in advance	-	-	-	-	-	150,072	150,072	-	-	-	-
Insurance / reinsurance payables	-	-	-	-	-	33,749	33,749	-	-	-	-
Other creditors and accruals	-	-	-	-	-	1,531,414	1,531,414	-	-	-	-
	-	-	-	-	-	1,715,235	1,715,235	-	-	-	-
	12,573,467	-	892,977	-	1,009,761	(1,715,235)	12,760,970	-	-	-	-

*The Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or reprice over short term. Therefore their carrying amounts are reasonable approximation of fair value.

23 GENERAL

Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

Certain prior year's figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons.

23.1 DATE OF AUTHORIZATION FOR ISSUE

These financial statement were authorized for issue by the Board of Directors of the Company in their meeting held on 28 April 2022.

Managing Director &
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman